

Opening Session Address

By Mr. Dominic Izzo, Principal Deputy Assistant Secretary of the Army (Civil Works)

General Flowers, General Griffin, Mr. Van den Eede, Commissioners, members of the U.S. Section of PIANC and guests,-- I am pleased to be with you to celebrate 100 years of a unique partnership between the government and the private sector. PIANC's unique combination of government, corporate, university and private membership generates a synergy that has contributed in many ways to our prosperity and growth.

I was first introduced to PIANC in the private sector a few years ago by Mr. Leonard van Houten, a member of PIANC, when we were working on a major new port development overseas. As often happens, there were many issues between engineers, the business developers, shippers, and the local community. The business folks thought we were spending too much money and gold-plating the facility; the shippers and the local community thought we were building something unsafe and environmentally hazardous. We were able to put many of those issues to rest when Len brought out some well-established PIANC papers.

Over the past year I've become even more convinced of the value of PIANC research in helping to keep America's navigation system capable of meeting the demands of world trade. Through meetings such as this, we learn what is being done elsewhere and are exposed to new ideas that can lead to projects to benefit all Americans.

In my time with you let me offer some thoughts on the state of the Nation's harbors and waterways, then speak to two areas – one old, one new – where the experience and brainpower of PIANC can be of great service to us.

I. Deep draft Navigation

In 2000, the nation's harbors handled nearly 2.5 billion tons of cargo, including nearly 1.4 billion tons of foreign trade. Indeed, foreign trade now accounts for 27% of the Gross Domestic Product, up from 8% in 1959. Nearly 44% of the world's merchant fleet visits U.S. harbors.

Many forecast that U.S. waterborne commerce will double over the next 20 years. Containerized cargo, among the fastest growing segments, nearly should triple over the next 20 years. Increasingly, shippers are using larger vessels in world trade to improve efficiency, reduce environmental impacts, and, naturally, to lower costs. The number and size of containerships are increasing, including many vessels requiring channel depths greater than 13.6 meters¹. Currently, few U.S. ports have such depths. Given the time it takes to design and construct deep draft port projects, we have typically been,— and likely will remain,— a generation behind vessel designs in our port capabilities. However, the President's FY03 budget did fully fund the 15-meter² port deepening for New York Harbor; that's a \$120 Million commitment to deep-draft navigation.

¹ 45 feet

² 50-foot

As Federal steward of the nation's navigation system, the Corps of Engineers maintains our harbors and develops new projects to expand and meet the needs of the future. Our challenge is to obtain funding for priority maintenance and expansion, and then to budget efficiently to optimize construction time and cost. We need more funding to reduce the serious maintenance backlog at many deep-draft navigation projects.

The challenge, however, does not rest with the Federal sector alone. Many port authorities and private terminals will need to make landside improvements to handle future traffic. The interdependence of channel improvements and landside investments means that improvements must be made to both if we are to realize maximum economic benefits.

II. Inland Waterways

Now let's take a look at the inland waterways – a major focus of this meeting. We operate and maintain 20,000 kilometers³ of commercially active inland and intracoastal waterways with 192 lock sites. Almost all of these waterways travel through estuarine or riverine habitat, which most Americans rightly consider a natural treasure, which the Corps is also tasked to protect and restore. Our challenge is to maintain and improve this phenomenal navigation system while we protect and restore habitat. This is the 21st Century challenge of smart growth and no one can do it better than the U. S. Army Corps of Engineers.

As you probably heard, the group "American Rivers" recently announced that the Missouri River is the most endangered river in America and blamed the Corps and, by extension, navigation for it. The best I can say about American Rivers is that they are obviously misinformed and misguided. The Corps been an honest and faithful steward of the Missouri River for over 200 years, every since two Army Captains, Lewis and Clark, led a team of soldiers and explorers from Saint Louis to the Pacific. Today, we are working on arguably the most ambitious riverine habitat restoration program in the world,-- the Missouri River Fish and Wildlife Mitigation Project.

To date, the Corps has acquired about 14,000 hectares⁴ of floodplain at 28 sites from Gavin's Point to the Mississippi and is restoring it as wetlands and bottomland hardwoods. This is a tremendous success; at some completed sites, we have more plant species than Lewis and Clark cataloged 200 years ago. We have even documented the first reproduction of the endangered Pallid Sturgeon in modern times. Frankly, I think American Rivers has the wrong river.

Furthermore, Congress has authorized the Corps to acquire a total of 75,000 hectares⁵. This year, in a wartime budget, with many competing priorities, President Bush included \$17.5 Million to move this program forward, making it one of our top five Civil Works' priorities, and demonstrating clearly the Administration's commitment to real environmental progress.

The inland and intracoastal waterways move over 630 million tons of cargo annually (15% of intercity freight by volume), at an average transportation savings of \$10.67 per ton over

³ 12,000 miles

⁴ 30,700 acres

⁵ 166,000 acres

ground transport— providing roughly \$7 billion annually in savings, not to mention lower energy use.

A 15-barge tow moves more cargo by inland waterway than 200 rail cars or 800 tractor-trailers with less fuel consumption, less air pollution, less noise, less urban congestion and almost no negative community impacts. Only in an ivory tower or in the world of politics could someone claim that navigation was bad for the environment.

The inland waterways serve strategic economic purposes. Coal, which powers 50% of U.S. electricity, is the largest commodity by volume. Inland waterways move over 20% of the coal destined for U.S. power plants. Imagine if that coal had to be replaced by oil from the Mideast.

Farmers, meanwhile, depend on the waterways for low cost transportation to be competitive. More than 68% of corn and 71% of soybean exports move by inland waterway. It should therefore come as no surprise to you that the Department of Agriculture and the Department of Transportation are strong supporters of inland navigation.

Unfortunately, much of our inland navigation infrastructure is aging and in need of repair. 51% of Corps lock chambers are over 50 years old – generally considered the “design life” of a lock. I visited Lock and Dam No. 11 on the Upper Mississippi last summer and I can tell you that we have pushed that facility about as far as we can go.

We have an active research program, devising ways to extend the life of these facilities even further and keep them in service. PIANC plays a major part in this research, not only through the expertise of its U.S. members, but by fostering contacts that allow us to learn from the experiences of other countries.

Still, in spite of our best efforts, annual hours of lock “unavailability” more than doubled during the 1990s. Sitting in queues resulted in an estimated cost to industry of nearly \$160 million. Through the 1990s 25 lock sites had average delays of 1-12 hours for every tow processed. Yet only 7 of these lock sites have replacement projects under construction or authorized.

Another challenge is capacity. Only 15% of our lock chambers are 1,000 feet long; 25% are less than 600 feet long. Locks with 1200-foot chambers can accommodate a tow of 17 barges plus the towboat. 600-foot locks can accommodate at most eight barges plus the towboat, so typical 15-barge tows passing through a 600-foot lock must be “cut” into two sections to pass the lock, more than doubling locking times.

Inland waterway traffic is projected to increase by about a third to over 830 million tons by 2020, stressing aging locks and adding to congestion and delays.

WRDA '86 launched an aggressive lock modernization program, with \$1.7 billion so far invested in 14 locks and another \$3.4 billion programmed for construction at 13 more locks. But under-funding of construction schedules for ongoing projects has increased construction time (by 1-5 years and growing) and cost (nearly \$250 million), foregoing significant project benefits. We have been able to address this problem internally by stopping new starts and prioritizing important work like Olmsted Lock and Dam.

Modernization of inland waterways infrastructure is cost-shared 50/50 from the Inland Waterways Trust Fund, which has a \$400 million surplus. A fuel tax paid by the towing industry generates about \$130 million annually. Obviously, one solution for this problem is for Congress to provide more money when the wartime situation allows us to provide matching funds to use this surplus.

In addition, the Corps needs adequate O&M funds to reduce the critical maintenance backlog at locks and dams and on inland waterway channels. Witness the increased incidence of lock unavailability time and failure to maintain adequate channel depths on various inland waterways, most notably the Atlantic Intracoastal Waterway. Again we have addressed this problem internally by moving funds from new work and studies to keep the maintenance backlog in check.

III. Waterway policies

The theme of this 100th Anniversary meeting is “Waterborne Transportation Strategies and Policies,” and I note that much of this meeting will deal with comparing U.S. policies to those of Western Europe – most appropriate for an internationally focused organization such as PIANC that seeks to have nations learn from each other’s experience.

It appears that in the waterborne transportation sector, the U.S. and Western Europe have come up with different, and sometimes completely opposite, strategies and policies. European countries long ago concluded that they need incentives in favor of rail and waterborne transportation to deal with congestion problems on their highways.

They realize that inland and coastal waterways have distinct advantages in capacity, safety, and environment.

I recognize that direct comparison between different countries is not always possible. There are economic, social and legal factors, which may justify certain development in one country, and prevent the same in the others. A good example is container on barge services, well implemented in Europe but, so far, limited in the U.S.

At the same time, the current situation in Europe can be considered a taste of what may happen in the U.S. Traffic density and land availability currently create congestion in Europe at a level, which can be expected in the U.S. in the next 10 years.

Accordingly, the objective of this session is to understand factors, which lead to differences in the strategies and policies toward inland and coastal waterborne transport in the U.S. and Western Europe. This understanding may contribute to national transportation policies in the U.S.

IV. Beneficial use of Dredged Material

Now let me turn to the two initiatives I mentioned earlier. One has been a constant theme of the Corps and PIANC for years – beneficial use of dredged material. Many of the corps experts, who have made significant contributions to the PIANC working groups on beneficial use, work at the ERDC labs here in Vicksburg.

The greatest challenge we face in maintaining our waterway and harbor channels is what to do with about 188 million cubic meters⁶ of dredged material each year. For years, people referred to the material we move as “dredge spoil” to be avoided at all costs. Now the public is realizing, through efforts in which PIANC has played a major role, that dredged material can be put to good use. Coastal communities want it – either as beach sand or for underwater berms to reduce wave action and erosion. So do many environmental interests, who want it to shelter fish spawning areas or to build island and wetland habitat.

At least 95% of the material we dredge each year is clean, uncontaminated soil. We have to develop policies that provide incentives for beneficial use. I’m pleased to note that about 30% of the material we dredge is put to beneficial use, and this percentage is increasing. But we have to do even better in this area.

Challenges are still there: particularly in managing that remaining 5% of our dredged material that is contaminated. PIANC, with its wealth of technical expertise and international connections, will play a major role in helping us meet those challenges.

We also need to be proactive in management of dredged material. Regional Sediment Management will give us the capability to manage navigation mission proactively and optimize the beneficial use of dredged material.

Our R&D program is developing tools to give project managers the ability to predict shoaling and dredging requirements, and plan accordingly. Your ideas are always welcome.

V. Estuary Habitat Restoration

Now let me enlist your support for a new initiative. The Corps of Engineers is participating with other Federal agencies to implement the Estuary Habitat Restoration Act - a nationwide program to restore 450,000 hectares⁷ of estuary habitat by the year 2010. Obviously, every one of our major ports is located in an estuary and the expansion of these ports at the same time we protect and restore habitat is both a challenge and an opportunity to demonstrate that we can do sustainable development and have smart growth.

Industrial society and a burgeoning population have challenged the natural beauty and wildlife that the original settlers first saw in our native estuaries. Restoration will require good science and innovative technology. To achieve this goal, we are establishing a strategy and rules for selecting projects developed by local coalitions.

The Army, the Department of Commerce’s National Oceanic and Atmospheric Administration, the Environmental Protection Agency, the Department of the Interior’s Fish and Wildlife Service, and the Department of Agriculture’s Natural Resource Conservation Service have formed a council to develop a strategy for implementing this Act – and I have the privilege of chairing it. After we complete our work on outlining the national strategy, we will turn to developing criteria for approval of projects. Then we’ll be able to look at specific projects as candidates for funding. Our goal is to have strategy and procedures in place to receive proposals in time to recommend the first projects for the FY 04 Budget.

This restoration program was the crowning achievement of the late Sen. John Chafee of Rhode Island. He saw the Act as his legacy and a way to get agencies to work together. His son,

⁶ 250 million cubic yards

⁷ 1,000,000 acres

now Sen. Lincoln Chafee, is working with Sen. John Warner (VA) and Rep. Wayne Gilchrest (MD) and others to secure funding.

Much of the impetus behind this Act also came from non-government organizations such as Restore America's Estuaries. Their vision has been to engage government agencies, the private sector, and volunteers to deliver on pent-up demand for restoration projects. This partnering, we believe, is the most effective way to engage the Federal Government in helping to solve local environmental problems and we are happy to be part of it.

I'm also pleased to note that, aside from the Estuary Habitat Restoration Act, the President included \$2 Million in his FY 03 Civil Works budget for a new start on an estuary habitat restoration project on the lower Columbia River in the Pacific Northwest. This is the beginning of a \$30 Million multi-year effort to restore estuary habitat critical to the recovery of native salmon in the Columbia. This environmental restoration project is the only new construction start in the President's budget. It is yet another demonstration of the importance that the Administration attaches to the environment, to habitat restoration, and to sustainable development and smart growth.

VI. Conclusion

Perhaps the most striking thing about the Estuaries program is the partnerships it fosters – among agencies and between the government and the private sector. So in closing, let me reiterate that, in old missions and new, partnering will be the way Army Civil Works does business.

We will work closely with maritime users and other stakeholders to ensure safe and reliable navigation channels to support the economy and enhance national security, while we protect and restore habitat. We can do it all. We can have smart growth and sustainable development. It just requires good planning, effective partnering, outstanding engineering, and funding. The Transportation Research Board of the National Academy of Sciences put the need well: "The costs of maintaining waterways, airports, and air traffic control systems...are substantial. However, the price of not keeping up with transportation system demand is decreased productivity, products that are less competitive, and a lower standard of living."

For the next two days we will hear presentations on policies and strategies concerning two vitally important components of our transportation system – inland and coastal waterways. We will compare the systems of this Nation to those of Western Europe. I invite your full participation in the discussions here – both formal and informal - and look forward to continuing the discussion in other venues after this meeting is over.

Together, we can ensure Nation's water transportation system continues to be our trade window to the world, while doing its part to keep the Nation's economy strong, and preserving our natural treasures, our river and estuaries, for generations to come.

Thank you.

